

REPORT TO: Business Efficiency Board
DATE: 26th June 2008
REPORTING OFFICER: Operational Director, Financial Services
SUBJECT: 2007/08 Draft Abstract of Accounts
WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to seek approval for the Council's 2007/08 Draft Abstract of Accounts, a copy of which is enclosed with the Agenda.

2.0 RECOMMENDED that the 2007/08 Draft Abstract of Accounts be approved for submission to the Audit Commission.

3.0 SUPPORTING INFORMATION

3.1 The Abstract of Accounts (The Abstract) sets out the Council's financial performance for the year in terms of revenue and capital spending and presents the year-end financial position as reflected in the balance sheet.

3.2 The format of the Abstract is heavily prescribed by the Accounts and Audit Regulations, which makes it a very technical document and not particularly easy to understand. Therefore the key elements are outlined below.

3.3 The Regulations have required several significant changes to the content and layout of the Abstract this year. These bring Local Authority accounts more into line with International Financial Reporting Standards (IFRS). The changes are outlined on page 5 within the section titled 'Changes in Accounting Policies'.

3.4 In the Foreword on pages 1 to 6, the Chief Financial Officer (Operational Director, Financial Services) summarises the Council's financial performance for 2007/08, including revenue and capital spending.

3.5 In overall terms the Council has underspent its 2007/08 revenue budget by £224,000. The overall outturn report was presented to Executive Board Sub-Committee on 25th June 2008 and departmental outturn reports will be available on the Council's Intranet from 30th June 2008. In addition, the Council approved the use of £350,000 from General Fund Balances when setting the 2007-08 revenue budget. The net result of these items is that General Fund Balances will be reduced by £126,000 to £6,984,000.

- 3.6 Capital expenditure was £29.1m compared with the revised programme of £31.6m. This represents 92% delivery of the revised programme, with the only significant slippage being on the ICT infrastructure programme, Widnes Waterfront regeneration scheme and alterations to Cavendish School.
- 3.7 School balances have increased by £2.2m to £9.1m, of which £4.5m relates to unspent Standards Fund grants which must be spent by 31st August 2008.
- 3.8 The Income and Expenditure Account on page 7 presents gross expenditure, gross income and net expenditure for 2007/08 along with a comparison to 2006/07, for each of the service groupings prescribed in the Accounting Code of Practice. These groupings do not necessarily relate directly to the Council's organisational structure, but are intended to provide consistency across all local authorities.
- 3.9 The total net cost of services is adjusted by a number of appropriations, to give total net operating expenditure of £103.665m, which is funded from Government Grant and Local Taxpayers. Detailed notes relating to items within the Income and Expenditure Account are shown on pages 11 to 22.
- 3.10 The net balance is then taken into the Statement of Movement on the General Fund on page 8, where after adjustment for a number of items in accordance with the Regulations the resulting General Fund Balances carried forward of £6.984m is presented. Detailed notes relating to the adjusted items are shown on page 23.
- 3.11 The Council's Balance Sheet on page 9 sets out the Council's financial position as at 31st March 2008, along with the previous year's comparison. Detailed notes relating to items within the Balance Sheet are shown on pages 24 to 44. These include the movement in fixed assets, capital financing, contingent liabilities, leases, assets and asset valuation, investments, stocks, debtors, creditors, provisions, reserves, borrowing, trust funds, and pensions.
- 3.12 The Cashflow Statement on page 10 provides an overall analysis of the movements in cash and cash equivalents during the year. Detailed notes relating to items within the Cashflow Statement are shown on pages 44 and 45.
- 3.13 The Collection Fund and associated notes on pages 47 to 50, summarise the transactions in respect of the collection of Non-Domestic Rates and Council Tax, along with the distribution to General Fund and the precepting authorities.

- 3.14 The Group Accounts and associated notes on pages 51 to 56 present the consolidation of the Council's accounts with those of its related companies.
- 3.15 A Statement of Responsibilities appears on page 57 outlining the basis upon which the Abstract has been prepared, which is followed by the Annual Governance Statement (also reported elsewhere on the Agenda) on pages 58 to 68 and Accounting Policies on pages 69 to 79.
- 3.16 The Audit Commission uses the draft Abstract as the basis for undertaking the annual audit of accounts, for which their draft Audit Certificate is shown on pages 80 to 83. This will be completed once the audit has been finalised.
- 3.17 A Glossary of Terms is presented on pages 84 to 96.
- 3.18 The draft Abstract is still subject to external audit, but requires the Council's approval under the Accounts and Audit Regulations by 30th June 2008. Once the audit is completed the Audit Commission will report their findings to the Board in September 2008 and the Abstract will then be published.

4.0 POLICY IMPLICATIONS

- 4.1 None.

5.0 OTHER IMPLICATIONS

- 5.1 None.

6.0 RISK ANALYSIS

- 6.1 The Accounts and Audit Regulations require that the draft Abstract is approved for submission to the Audit Commission by 30th June 2008.

7.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Accounts and Audit Regulations	Accountancy Division, Municipal Building	Ed Dawson, Chief Accountant